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STATEMENT BY U.S. TRADE REPRESENTATIVE CHARLENE BARSHEFSKY ON THE 1997 TRADE FIGURES

United States Trade Representative Charlene Barshefsky today issued the following statement on the U.S. international trade in goods and services for 1997:

"Today's release of the 1997 trade figures confirm that America's export-led growth remained robust in 1997. Exports grew a strong 10% in 1997, reaching a historic high of $932 billion. The export growth in 1997, $83 billion, surpassed the strong 1996 export growth of $54 billion by more than 50%. Including this strong export year, growth in exports since President Clinton took office are up 51%, or $315 billion. U.S. exports now support an estimated 12.1 million jobs; jobs supported by goods exports pay 13 to 16 percent higher than the national average.

U.S. exports of total manufactured products reached a record $591 billion in 1997, up 13% from a year earlier. In the critical area of advanced technology products record exports of $179 billion represented a nearly 16% increase from the year before, and the trade surplus advanced from $24 billion in 1996 to $32 billion in 1997. Service exports likewise reached another record level of $254 billion. The exception was in agriculture where exports fell nearly 6%, due almost entirely to weak commodity prices. The trade surplus in agriculture nonetheless stood at $22 billion in 1997.

Despite strong domestic consumption, the goods and services deficit remained essentially flat at $114 billion in 1997, compared to $111 billion in 1996. In fact, because the economy grew an exceptional 3.8% in 1997, the trade deficit as a percent of GDP declined from 1.5% to 1.4%, less than half the level of ten years ago (3.3% in 1987).

Export growth was particularly strong in the Western Hemisphere, where exports increased more than 17%. Compared to last year, exports to our NAFTA partners were quite strong. Exports to Canada rose 13% and to Mexico an impressive 26%. Mexico, in fact, displaced Japan last year as our second largest export market, even though Mexico's economy is one-twelfth the size of Japan's. (The bilateral deficits with Canada and Mexico fell by $5 billion and $3 billion, respectively.) Exports to Latin America (excluding Mexico) also were up significantly by 20%, tripling the U.S. surplus from $3 billion to over $9 billion.

Exports to Europe also increased by 10% in line with the overall 1997 increase. This is more than triple the rate of increase from 1996 (3%).

Excluding Japan and China, the U.S. trade deficit with Asia showed little change (up $1 billion). However, the trade deficit with Japan, where the economy is at near recessionary conditions, increased by $8 billion and with China by $10 billion. In a year of record export performance, the relative weakness in U.S. exports to Japan and China is of substantial concern. Japan must pursue a policy of domestic demand-led growth. It must initiate broad deregulation and open its markets. These issues will remain the focus of this Administration's trade policy toward Japan. As to China, we will continue to aggressively pursue market opening initiatives, including through bilateral and WTO-related talks, in order to significantly expand export opportunities for U.S. goods, services, and agriculture.

The situation in Asia is expected to change this year as a result of the Asian financial crisis. The countries of Asia have been a source of strong U.S. export growth in the past, but the sharp decline in economic activity in the region is likely to reduce -- at least temporarily -- U.S. exports to the region and increase the trade deficit in 1998. It is the objective of the Clinton Administration's policies dealing with the Asian financial crisis to help stabilize, reform, and restore confidence in these economies while limiting, to the maximum extent possible, the impact of the crisis on U.S. trade."

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